INSURANCE FRAUD RELATED ASSESSMENTS								
2009 GENERAL SESSION STATE OF UTAH								
								Chief Sponsor: Douglas C. Aagard
Senate Sponsor:								
L	ONG TITLE							
G	General Description:							
This bill modifies the Insurance Code to increase assessments paid by insurers to fund								
costs and expenses incurred by the Department of Insurance in the administration,								
investigation, and enforcement of provisions related to insurance fraud.								
H	Highlighted Provisions:							
	This bill:							
	<ul> <li>increases the assessments paid by insurers on the basis of an insurer's Utah</li> </ul>							
C	onsideration; and							
	<ul><li>makes technical changes.</li></ul>							
Monies Appropriated in this Bill:								
None								
C	Other Special Clauses:							
None								
U	Jtah Code Sections Affected:							
A	AMENDS:							
	31A-31-108, as last amended by Laws of Utah 2008, Chapter 382							
В	Be it enacted by the Legislature of the state of Utah:							
	Section 1. Section 31A-31-108 is amended to read:							
	31A-31-108. Assessment of insurers.							



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28	(1) For purposes of this section:
29	(a) The commissioner shall by rule made in accordance with Title 63G, Chapter 3,
30	Utah Administrative Rulemaking Act, define:
31	(i) "annuity consideration";
32	(ii) "membership fees";
33	(iii) "other fees";
34	(iv) "deposit-type contract funds"; and
35	(v) "other considerations in Utah."
36	(b) "Insurance fraud provisions" means:
37	(i) this chapter;
38	(ii) Section 34A-2-110; and
39	(iii) Section 76-6-521.
40	[ <del>(b)</del> ] <u>(c)</u> "Utah consideration" means:
41	(i) the total premiums written for Utah risks;
42	(ii) annuity consideration;
43	(iii) membership fees collected by the insurer;
44	(iv) other fees collected by the insurer;
45	(v) deposit-type contract funds; and
46	(vi) other considerations in Utah.
47	[(c)] (d) "Utah risks" means insurance coverage on the lives, health, or against the
48	liability of persons residing in Utah, or on property located in Utah, other than property
49	temporarily in transit through Utah.
50	(2) To implement [this chapter, Section 34A-2-110, and Section 76-6-521] insurance
51	<u>fraud provisions</u> , the commissioner may assess [each] <u>an</u> admitted insurer and [each] <u>a</u>
52	nonadmitted insurer transacting insurance under Chapter 15, Parts 1, Unauthorized Insurers and
53	Surplus Lines, and 2, Risk Retention Groups Act, an annual fee as follows:
54	(a) $[\$150]$ $\$200$ for an insurer $[if]$ for which the sum of the Utah consideration $[for that]$
55	insurer] is less than or equal to \$1,000,000;
56	(b) [\$400] \$450 for an insurer [if] for which the sum of the Utah consideration [for that
57	insurer] is greater than \$1,000,000 but is less than or equal to \$2,500,000;
58	(c) [\$700] \$800 for an insurer [if] for which the sum of the Utah consideration [for that

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insurer is greater than \$2,500,000 but is less than or equal to \$5,000.
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- (d) [\$1,350] \$1,600 for an insurer [if] for which the sum of the Utah consideration [for that insurer] is greater than \$5,000,000 but less than or equal to \$10,000,000;
- (e) [\$5,150] \$6,100 for an insurer [if] for which the sum of the Utah consideration [for that insurer] is greater than \$10,000,000 but less than \$50,000,000; and
- (f) [\$12,350] \$15,000 for an insurer [if] for which the sum of the Utah consideration [for that insurer] equals or exceeds \$50,000,000.
- (3) (a) [All money] Monies received by the state under this section shall be deposited in the General Fund as a dedicated credit of the department for the purpose of providing funds to pay for any costs and expenses incurred by the department in the administration, investigation, and enforcement of [this chapter, Section 34A-2-110, and Section 76-6-521] insurance fraud provisions.
- (b) [All monies] Monies received by the department to pay for the costs and expenses incurred by the department in the administration, investigation, and enforcement of [this chapter, Section 34A-2-110, and Section 76-6-521 shall be] insurance fraud provisions are nonlapsing.

Legislative Review Note as of 1-22-09 1:38 PM

Office of Legislative Research and General Counsel

## H.B. 263 - Insurance Fraud Related Assessments

## **Fiscal Note**

2009 General Session State of Utah

## **State Impact**

Enactment of this bill will require an additional appropriation of \$253,900 in FY 2010 and \$207,000 in FY 2011 from Dedicated Credits. The bill will increase Dedicated Credits revenue by \$291,900 per year.

	2009	2010	2011	2009	2010	2011
	Approp.	Approp.	Approp.	Revenue	Revenue	Revenue
Dedicated Credits	\$0	\$253,900	\$207,000	\$0		\$291,900
Total	\$0	\$253,900	\$207,000		\$291,900	\$291,900
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## Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments. Insurance companies will pay higher assessments. This emphasis on fraud may lower insurance costs to businesses and individuals.

2/2/2009, 10:48:27 AM, Lead Analyst: Schoenfeld, J.D.

Office of the Legislative Fiscal Analyst